

**PERFORMANCE  
PAY  
PROGRAM**

**DEPARTMENT OF THE  
TREASURY**

**Final Plan Document**  
**(Revised to Sept 2001 DPA Guidelines)**

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## **I. Performance Management Plan.**

To comply with House Bill 00-211, the following performance management plan is created. The Department of the Treasury (the Treasury) has designed this performance management plan as directed by the State Director of Personnel.

This plan addresses the following areas:

Performance Management  
About the Department of the Treasury  
Performance Planning and Appraisal  
Budget Allocation and Award Distribution  
Dispute Resolution Process and Procedures  
Communications and Training  
Record Keeping  
Evaluation of the Pay for Performance Process

The purpose of the performance pay system and of the performance management system is to properly recognize and reward employee performance

The Treasury's objectives in promulgating this plan are to maximize each employee's contribution to achieving the Department's mission and goals. The plan seeks to do this by directly tying employees' compensation to their success attaining the results established by the Department.

### **A. Goals and Objectives of the Pay for Performance Program:**

1. Match individual employee goals and objectives with departmental goals and objectives.
2. Ensure understanding of performance measures by employees and their supervisors.
3. Ensure understanding of the performance evaluation process by employees and supervisors.
4. Ensure adequate communication between employees and supervisors regarding both expectations and performance.
5. Allow supervisors to create and implement performance plans that will allow them to strike a proper balance in meeting both short and long term goals when evaluating an employee's efforts.
6. Define and support the values and goals of the Treasury.

B. Budget strategy for adequate funding of performance awards.

1. Each Division of the Treasury will adopt a statement of its mission as an element of the Department. This statement will describe the goals and objectives of the section. The Deputy Treasurer will approve each section's statement and ensure that it conforms to the Department's overall mission statement and goals.
  - a. The Treasury will annually include in its budget request sufficient funds to fully fund anticipated employee performance awards.
  - b. If the General Assembly does not fully fund the performance pay program, the Department will fully fund base building awards made to employees below the salary range maximum for their position. Only if there are still funds left will it provide awards to those outstanding performers whose compensation is at or above the maximum for their job classification.
  - ~~b.c.~~ The Department anticipates using both "base building" and "non base building" performance awards as part of this plan (these terms are defined in detail later in this document).
  - ~~e.d.~~ The key to properly implementing this plan is the development and use of a simple, "user friendly", performance planning and evaluation process. This process will replace the current Performance Appraisal for Colorado Employee (PACE) process.

## II. About the Department of the Treasury.

The Colorado State Treasurer is one of the five independently elected statewide offices in Colorado. The Colorado State Constitution established the position when it became a state in 1876. The Treasurer serves as the Chief Executive Officer of the Department of the Treasury.

The Colorado Department of the Treasury's mission statement is as follows:

*The Colorado State Treasury is the constitutional custodian of the public's funds. It is the Treasury's duty - to manage and account for the citizen's tax dollars from the time they are received until they are disbursed. The Treasury's staff is committed to safeguarding and managing the people's monies with the same diligence and care as they do their own.*

The Colorado Department of the Treasury's vision statement is as follows:

*The Colorado State Treasury's Staff will continually strive to better serve the citizens of Colorado. Central to this goal is the continued development and use of new processes and technologies that will improve the quality and timeliness of the services they deliver to the citizens and other governmental agencies of the State of Colorado.*

The Colorado Department of the Treasury's responsibilities include:

- Acting as the State's banker and investment officer;
- Preparing financial and accounting reports for the state
- Administering the Elderly Property Tax Deferral Program
- Operating the State's Unclaimed Property Program
- Disbursing the State's contribution to the Fire and Police Pension Association and to County Treasurers for the Property Tax Reduction for Senior Citizens
- Distributing various funds such as Highway User Tax Fund to Colorado's counties and municipalities
- Allocating interest earnings to the various state funds eligible for interest earnings

### III. Performance Planning and Appraisal.

**Performance Management:** Developing individual performance plans involves a cooperative and collaborative effort between supervisors and employees. The Treasury's Performance Planning and Appraisal form includes three sections: the Uniform Statewide Core Competencies; Class Specific Competencies; and Individual Factors. The Statewide Core Competencies and Class Specific Factors are mandatory and must be included in every classified employee's performance plan.

The evaluation period for the Treasury's performance pay program will run from 1 ~~July June~~ -to 30 ~~June~~ 1 May. All classified employees will receive no less than one written performance evaluation of their job performance by the end of program year. Regular coaching and feedback from supervisors to their employees is the key to the success of the Performance Pay System. Supervisors should conduct at least one documented mid-year progress review with each employee.

Since the current evaluation cycle was from 1 July 2000 to 30 June 2001, the planning and evaluation cycle for the initial year will be, of necessity, be an abbreviated one. This cycle will go from 1 July 2001 to 31 May 2002.

Prior to the start of each annual evaluation cycle, Supervisors shall hold at least one meeting with each of the employees he or she will evaluate. During this meeting(s) the supervisor will layout for the employee the expected level of performance and objectives for the coming year. If the employee has any concerns regarding the supervisor's expectations, this meeting is the forum in which to express them. Through these discussions, the supervisor and the employee can agree upon realistic performance objectives and measures for the coming year. Performance plans may incorporate both behavioral and objective performance measures.

By the first day of the evaluation period (1 ~~June~~ 1 May) supervisors will complete and provide to each employee a final version of the performance plan for the upcoming year. Supervisors will have the plans they have developed for their employees reviewed by their immediate supervisor prior to their delivery to the individual employees. The plans prepared by the Deputy Treasurer are an exception to this rule and are not subject to review by a supervisor because the Deputy is the Department's appointing authority. A plan is required for all classified employees. In all cases, employees will have a plan. If a supervisor fails to timely complete a plan, the next level supervisor, up to the Deputy Treasurer, is responsible for completing the plan. Supervisors, at any level, who fail to complete their plans in a timely manner, may face corrective action or other disciplinary action up to and the sanctions outlined in CRS 24-50-118. Under this statute a supervisor who fails to complete evaluations in a timely manner may receive a suspension, demotion or termination. In addition, classified supervisors who fail to establish performance plans in a timely manner for their employees are not eligible for any performance pay program award.

Employees and supervisors will begin each year's performance planning process by reviewing the prior years plan and evaluation. Through the performance planning process the supervisor and the employee will:

1. Incorporate into the new plan any significant changes in either the Department or the Division's priorities;
2. Revise or reaffirm how the supervisor will measure performance
3. Consider whether or not a multi source assessment or a standard assessment is more appropriate. Factors to consider are the employee's duties, the performance standards selected, and the Department's capacity to obtain such data.
- ~~3.4.~~ Discuss and, to the extent possible agree on the performance objectives that the supervisor will measure in the upcoming plan year.

4. Although employee input to the annual performance objectives is a key to the success of this program. If the employee and the supervisor do not agree on the performance objective or measures, the supervisor's decisions are final.

~~5.~~ If the employee invokes the dispute resolution process for the prior year's evaluation, the supervisor and the employee will not develop the plan for the following year until the prior year's dispute is resolved. The supervisor and employee shall complete the new annual performance plan no later than 30 days after the final decision is reached for the prior year's plan.

**Supervisor/Employee Communication:** Continuous coaching and feedback between the supervisor and employee is critical to the success of this performance pay program. This process should occur continuously and keep the employee fully informed of his or her progress in meeting performance expectations. At the same time, the employee has a responsibility to keep the supervisor fully informed of concerns or potential problems he or she may have in meeting the agreed to performance expectations. At a minimum, each supervisor will conduct at least one mid-year progress review with each employee. More frequent meetings, however, are strongly encouraged. Supervisors should document the date of the meeting(s), any changes to the performance plan agreed to in the meeting, any problems the employee is experiencing in meeting the plan objectives, if any, and recommendations on how the employee may improve his or her performance. Both the employee and the supervisor shall initial any changes made to the performance plan. By initialing the plan the employee acknowledges his or her receipt and understanding of the supervisor's revised expectations.

**Evaluation Levels:** An important component of a successful pay for performance plan is a mechanism to ensure a consistent and equitable linkage between performance and pay. A common employee concern is that supervisors will not fairly evaluate employees. The Treasurer is very aware of the need for fairness and is committed to establishing consistent and equitable performance measures for all employees. Further, the Treasurer intends to maintain consistent standards for evaluating performance across the various sections of the Department. To ~~do~~ this end, the Treasury will use a standardized form to evaluate all employees against the Statewide Core Competencies. Supervisors will, as

needed, add to this form the items necessary to evaluate employees on class specific competencies. The Compensation Distribution Committee will approve all class specific evaluation items and the manner in which they are measured. Finally, supervisors will create individualized factors, as needed for the evaluation of the performance of individual employees.

**Section I - Statewide Core Competencies:** The Performance Pay System requires the evaluation of all classified employees on Statewide Core Competencies as developed and published by the State Personnel Director. These core competencies are the same across all classes. The State Personnel Director is the only one authorized to alter these criteria. Raters cannot disregard the statewide core competencies when assigning an employee his or her overall rating.

**Section II - Class Specific Factors:** These factors are those for all Departmental Employees of a specific class. For example: auditors, investment officers, or accountants. The class specific standards are the same for all employees within a category regardless of grade. Supervisors will, however, consider an employee's grade and experience within a class when evaluating an individual's performance. For example, when evaluating an Accountant V a supervisor will expect that individual to perform far more complex technical tasks than an Accountant I in order to receive a mark of exceptional.

**Section III - Individualized Factors:** Although employees within a class will share many rating factors, most positions within the Treasury also have unique characteristics. An Administrative Assistant working as a claims analyst, for example is assigned duties quite different from those of an Administrative Assistant who works in holder compliance. Supervisors may develop individual factors by which to measure the specific aspects of a particular employee's performance on the numeric rating scale or they may evaluate these individual factors through a written narrative.

The rating scale for all factors is:

**Level 4/Exceptional Outstanding:** Employee consistently performs at a very high level. Quality of employee's work leaves little or nothing to be desired; consistently exceeds expectations by making significant contributions beyond the explicit requirements of the job. Individual is highly productive and requires minimal guidance. Employee successfully exercises initiative by anticipating new or changing requirements, develops ways to adapt to these new or changing requirements, and recommends ways to meet them to his or her supervisor. ~~A Peak Performer~~ The outstanding level is unique and difficult to achieve because it represents consistently exceptional performance or achievement. An Outstanding Employee will receive a numerical rating on the Department's performance measurement system greater than 260 points

**Level 3/Commendable:** Employee consistently performs at a high level. Quality of employee's work leaves little to be desired. Normally the employee's work performance exceeds ones expectations. Employee makes contributions beyond the explicit requirements of the job. Individual is productive and requires limited guidance.



Recognizes problems or changing requirements and proactively informs his or her supervisor of these new or changing requirements. A Commendable Employee will receive a numerical rating on the Department's performance measurement system of between 201 and 260 points

**Level 2/Successful:** Employee consistently performs at an acceptable level. Quality of employee's work normally meets established standards. Employee meets expectations and completes all explicit requirements of the job. Employee is competent and diligent. The quality, quantity, and timeliness of work completed meets departmental standards. Employee completes routine assignments with minimal supervision. Employee adapts to changes in standard duties when supervisor recognizes new or changed requirements and implements changes to address them. A Successful Employee will receive a numerical rating on the Department's performance measurement system of between 181 and 200 points

**Level 1/Needs Improvement:** Employee consistently fails to perform at an acceptable level. Does not meet expectations and the explicit requirements of the job. The quality, quantity, and timeliness of work completed fails to meet departmental standards. Employee is unwilling or unable to implement changes in standard duties to meet new or changing requirements even when directed to do so, and instructed on how to do so by the supervisor. An Unsatisfactory Employee will receive a numerical rating on the Department's performance measurement system less than 181 points.

**Overall Rating:** After a supervisor completes the marking of the core, class, and individual factors, he or she will assign the employee an overall rating, using the scale described above.

Note: If an employee's overall performance assessment is a Level 1/Needs Improvement, the supervisor must initiate either formal corrective action or a performance improvement plan for the employee within 30 days of the end of the evaluation period. If the employee utilizes the dispute resolution mechanism and the rating is upheld the supervisor shall implement the plan or the corrective action within 30 days of the reaffirmation of the rating. The supervisor will make a recommendation to the Deputy Treasurer proposing either corrective action or a performance improvement plan but the Deputy Treasurer will make the final determination as to the most appropriate course of action to take.

**Performance Review:** To ensure the quality and the consistency of performance ratings within the Department, the Deputy Treasurer will review all performance evaluations before final overall ratings are provided to the employees. All performance evaluations must be completed by supervisors and forwarded to the Deputy Treasurer by June 10<sup>th</sup> each year. The Deputy Treasurer will review, the performance evaluations, return them to the supervisors by June 20<sup>nd</sup> each year. Supervisors must give the completed evaluations to their employees by June 30<sup>th</sup> each year. The Since the Deputy -Treasurer is the appointing authority for the Department, there is no higher authority within the Department to review the evaluations the Deputy completes. Accordingly, the evaluations prepared by the Deputy are not subject to review.~~will review the performance evaluations~~

~~completed by the Deputy Treasurer on the same schedule that the Deputy will review other evaluations.~~

Supervisors, at any level, who fail to complete a timely evaluation of a classified employee, may face corrective action or other disciplinary action as outlined in CRS 24-50-118. In addition, supervisors who fail to evaluate their subordinate employees in a timely manner are not eligible for any performance pay program award.

Once the evaluations are reviewed and approved by the Deputy Treasurer ~~or the Treasurer~~, and the employee has had the opportunity to utilize the dispute resolution process, the Compensation Distribution Committee will use the evaluations to determine the award(s), if any that the Treasury may distribute to its employees.

## **IV. Budget Allocation and Award Distribution.**

### **STATEWIDE GUIDELINES**

All awards are subject to available funding and no award will be guaranteed.

The pay range maximum or upper limit on base building will be set at what is called Traditional Maximum (formerly Step 7) in the current compensation plan. The 5- Year Rate (formerly Step 6) and Job Rate will be eliminated.

The annual total compensation survey will be conducted according to statute.

The Compensation Distribution Committee (see Glossary for composition and responsibilities) will make pay decisions based on the evaluations completed by raters and reviewers and within system boundaries. If the funds appropriated to the Department for the performance pay program are insufficient to provide all the awards recommended and approved by the Committee, the Committee will allocate the funds that are available according to the following guidelines:

### **BASE BUILDING AWARDS:**

Base building awards are a permanent part of pay and are paid as regular salary. The Committee will fully fund all base building awards before funding any non-base building award. If the Department does not receive a sufficient appropriation to fully fund all base building awards, it will fully fund those base building awards in order from the employee with the lowest level of annual compensation to the one with the highest. A base building award becomes part of the employee's annual compensation paid with his or her monthly compensation over the course of the following fiscal year. Consequently employees who leave state employment in midyear will not receive the full amount of the award. Employees whose compensation is less than the pay range maximum for their employment classification at the time the award is made shall receive base building awards.

### **NON-BASE BUILDING AWARDS:**

Non-base building awards are earned on an annual basis. They do not become a permanent part of regular salary. The unpaid balance of any non-base building award shall be paid to the employee should he or she leave the Department. The funds for the awards do not become available until July following evaluations, so an employee terminating in March would not receive payment of his or her award until July. No employee will receive a non-base building award until all base building awards are fully funded. Employees compensated at rates at or above their pay grade maximum may only

receive non-base building awards. If the funds available to pay non-base building awards are not sufficient to fund them in full, then the following two rules will govern their distribution. First employees in lower level job classifications will have their awards funded before those in higher classifications. Second, in the case of employees whose performance merits the receipt of a non-base building award that are in equal positions will receive a proportional share of the total amount available. For example, if one employee is entitled to a non-base building award of 5% and another to 10% but there are insufficient funds to pay the awards in full then the employee designated to receive a 10% award will receive one that is twice the size as that received by the employee whose award is set at 5%.

### **AWARD ELIGIBILITY:**

Level 1/Needs Improvement performers are not eligible for a performance award.

For those employees below the pay range maximum –

Level 2 through Level 4 performers are eligible for base building, non-base building, or a combination of base and non-base building performance awards. To the extent that an employee's annual compensation is less than the maximum for his or her pay grade the employee will receive a base building award. If the amount awarded exceeds employee's job classification's maximum, then the balance of the award will be non-base building. Under no circumstance will the Compensation Distribution Committee grant a base building award that increases an employees base salary beyond the pay range maximum for that employee's job classification.

~~For Level 2 and Level 3 performers, the combination of base and non-base building performance awards cannot total more than the pay range maximum for that employee's job classification.~~

For Level 4 performers, the amount of the non-base building award may, at the sole discretion of the Compensation Distribution Committee, exceed the pay range maximum for that employee's job classification.

For those employees currently at their pay range maximum these rules mean that only Level 4 performers are eligible for performance-based non- base building awards.

### **AWARD SETTING:**

The State Personnel Director will recommend and publish annually, in conjunction with the Total Compensation Survey on December 1, the maximum awardable percentage for statewide application.

The Treasurer will subsequently specify the maximum award percentages for Level 2 and Level 3 based on the amount provided in the Department's budget for performance awards, the distribution of ratings within the Department, and the pay rates of the eligible employees. A key factor the Treasurer will consider in setting these percentages is the amount made available by the General Assembly for performance pay awards.

The Treasurer may choose to establish a range for each level of performance based upon either a percentage or actual dollar amounts.

The minimum award for Level 2 is 1%. The maximum award for Level 2 is the .1% less than the minimum award for Level 3.

The maximum award for Level 3 is .1% less the minimum award for Level 4.

The maximum award for Level 4 will be the maximum percentage set annually by the State Personnel Director.

The minimum award for those currently at the maximum of their pay range is set at zero, because payment of these non-base building awards is at the sole discretion of the Compensation Distribution Committee.

An employee cannot receive an award or combination of awards greater than the set performance award maximum.

### **Transition Year Award Calculation:**

During the transition year, the amount available for awards and the manner in which they are calculated is effected by the need to shift from a system where employees received “step awards” in the month of the anniversary of their entering the state personnel system and one in which all awards are based upon a common evaluation cycle. Unfortunately, this means that less is available for awards in the transition year.

Consequently in the first year of the program, the Department will use the statewide guidelines to convert awards from the current step anniversaries to the annual performance pay award calculation. For the transition year, the Department will use the following calculations:

1. Employee’s monthly base salary times award percentage times number of months after the anniversary date equals the dollar amount of the first year performance award.
2. Dollar amount of the first year performance award divided by twelve equals the monthly performance award.
3. Monthly performance award divided by employee’s monthly base salary equals first year performance award percentage.

## **DEPARTMENT OF THE TREASURY GUIDELINES**

### **General Guidelines**

Quotas or other forced distribution processes for determining the number of ratings in any of the four performance levels are prohibited.

All evaluations of the performance of classified employees will be reviewed for accuracy, for fairness, and for the correct application of performance measures. The Deputy Treasurer will conduct this review. ~~In those instances where the Deputy Treasurer is the evaluator, the Treasurer will conduct this review.~~

All supervisors or raters will have a provision or factor in their own performance plan that measures and evaluates the effectiveness of their implementation of the performance management system.

### **ELIGIBILITY FOR AWARDS:**

To receive an award, an employee must have worked for the Treasury for the entire rating period. In addition, temporary employees and employees who are not certified as of the last day of the evaluation period are not eligible for awards.

Awards are calculated using the salary of the employee as of the ~~last~~ first day of the period for which the evaluation was prepared (~~normally June 30~~ July 1). An employee's rate of pay or grade at the date on which the award is remitted will enter into the calculation if the awards are calculated on a percentage basis.

### **MONETARY AWARDS (PAY-OUT METHODOLOGY):**

Awards may be base building, non-base building, or a combination of the two.

To ensure the fair distribution of awards, Deputy Treasurer will meet with the Department's Division Heads (Chief Investment Officer, Chief Financial Officer, and Director Unclaimed Property) acting in their capacity as the Compensation Distribution Committee ("CDC"). Members of the committee will maintain confidentiality and not reveal the amounts of individual awards. The Committee must complete its work no later than August 1.

All base-building awards will be paid over a twelve-month period, and will commence in July following evaluations. These awards will become part of the regular base salary.

Non-base building awards will be paid as a lump sum.

The Deputy Treasurer will inform each employee who will receive an award in writing. Employees who receive such notice must sign and return this notice to the Department's payroll administrator within 10 days of notification so that the monetary award can be entered into EMPL.

If the award includes both a base building and a non-base building component, the base building portion will be incorporated into the employee's new pay rate and paid over a twelve month period; the non-base building portion will be paid as a lump sum.

**AWARD BALANCES:**

Under state guidelines, base building awards are not eligible for payment in the event of termination. Consequently, the balance of a base building award to an employee leaving the Department will be returned to the award fund.

## **V. Dispute Resolution Process and Procedures.**

### **PURPOSE:**

To establish guiding principles and ensure that the Treasury's dispute resolution process for employees and their supervisors is fair, consistent, understandable, timely, and conforms to the state's performance pay program as set forth in State Personnel Board Rules 8.

The Colorado Treasury's dispute resolution process will seek to:

- Resolve disputes relating to the Treasury's implementation and administration of Colorado's performance pay program in a timely manner;
- Encourage informal resolution of issues at the lowest possible [managerial] level
- Preserve working relationships;
- Be fair and consistent, open and impartial;
- Assure that both the employee and the supervisor are given ample opportunity to present their case
- Have each party represent himself/herself
- Resolve disputes without disrupting the Department's Pay for Performance Plan

**The State Personnel Director retains final jurisdiction for those disputes related to performance evaluations that do not result in a corrective or disciplinary action or that allege discrimination.**

### **GUIDELINES:**

#### **CONFIDENTIALITY:**

Under no circumstances may any of the participants in the process discuss or share any of the documents related to the dispute with anyone not directly involved in the dispute. All parties must maintain strict confidentiality regarding all communications whether verbal or written.

#### **ADVISOR(S):**

No party has an absolute right to legal representation, but any party may have an advisor assist it by (P-8-13) explaining the process, helping to identify the issues, preparing documents, and attending meetings. ~~An advisor may not, however, speak for either the supervisor or for the employee.~~ The parties, however, are expected to speak for themselves.

#### **REVIEWER(S):**

The reviewer(s) is the one who makes a decision that will resolve the dispute. The decision-maker(s) will only address the facts surrounding current action. The decision-



maker(s) shall not substitute his/her/their judgment for that of the rater(s) (or for the internal decision makers in the agency if an issue is being reviewed at the external stage), but may instruct raters to correctly follow the agency's performance management plan, correct factual errors, reconsider a performance rating or plan or other appropriate action. The decision-maker(s) may only render a decision that conforms with the agency's existing performance management plan. (P-8-18)

## **SCOPE OF REVIEW**

### **Matters That Can Be Reviewed Via the Dispute Resolution Process:**

Authority: State Personnel Rules and Procedures, Chapter 8, P-8-14

Matters resulting from performance management and evaluation for employees under Colorado's performance pay program are subject to this dispute resolution process.

- A. The individual performance plan, including lack of a plan during the planning cycle.
- B. The individual's final performance evaluation, including the lack of a final evaluation.
- C. The application of an agency's the Departmental performance management plan to the individual employee's plan and/or final evaluation.
- D. Full payment of the a promised award.
- ~~E. A default rating assigned due to the failure of the supervisor to complete a performance review~~

Note: Employees may, after internal review, request a review by the State Personnel Director for matters relating to application of the agency's plan or full payment of an award. The request must be made within five working days of the agency's final decision and must include a copy of the original issues and final agency decision. Please refer to P-8-17(B) for filing requirements. **Only issues originally presented in writing shall be considered throughout the dispute resolution process.**

### **Matters That Cannot Be Reviewed Via the Dispute Resolution Process:**

Authority: State Personnel Rules and Procedures, Chapter 8, P-8-15.

- A. The content of an agency's the Departmentals performance management plan.
- B. Matters related to the funds appropriated (the total amount of money available for awards).
- C. The performance evaluations and awards of other employees.
- D. The amount of a performance award, including whether it is base or non-base building, any combination or none, unless the issue involves the manner in which the agency's performance management plan is applied.

## **PROCEDURE & TIMEFRAMES**

Normally, the Deputy Treasurer will handle those matters that are subject to review through the use of internal dispute resolution procedures. ~~If the dispute involves an evaluation prepared by the Deputy Treasurer then the Treasurer will act as the reviewer.~~

Employees who wish to have their performance pay program evaluation reviewed must submit a Notice of Dispute in writing to the Deputy Treasurer no more than seven calendar days after date on which they received their evaluation/rating from their supervisor. The employee's supervisor/rater must also receive a copy of the notice. Only those issues listed under "Matters that Can Be Reviewed Via the Dispute Resolution Process" are eligible for further review. In addition, only those issues presented in the Notice of Dispute will be considered during the review process.

The Notice of Dispute should be as complete as possible and include, at a minimum:

- A description of the issue(s)/item(s) disputed,
- The reasons for the dispute,
- The desired remedy or outcome (must be within parameters of agency plan)
- Those documents (if any) that pertain to the matter

The Deputy Treasurer will make every effort to resolve the dispute within seven calendar days of receiving the Notice of Dispute. The Deputy will normally meet personally with the supervisor/rater and employee to hear their version of the matter. The Deputy Treasurer may also request additional information or investigate further as he/she deems necessary. The Deputy Treasurer will report his or her conclusion in writing and attach it to the Notice of Dispute (additional pages may be attached if required). The Deputy Treasurer will return the Notice of Dispute to the Department's payroll administrator and provide copies to the employee and to the supervisor/rater. In addition to a copy of the completed Notice of Dispute, the employee will receive written notice explaining under what circumstances he or she may have the right to move to the external phase of the dispute resolution process.

The Deputy Treasurer's determination ~~(or in the case of disputes regarding an evaluation prepared by the Deputy Treasurer)~~ is the final determination of the Department. Employees will have no further internal recourse for resolution of these disputes.

If the dispute concerns the application of the Department's performance management program, policies or processes, or full payment of an award (if relevant) may proceed beyond the department level to the State Personnel Director (external process) after completion of the internal process.

If the employee desires further review by the State Personnel Director, that request must be filed with the State Personnel Director (1120 Lincoln Ave Suite #1420 Denver, CO 80203) within five working days of the final agency decision. Such a request must meet the requirements of Rule P-8-17.

The supervisor/rater will have approximately six calendar days to implement the decisions/recommendations of the Deputy Treasurer and review any changes made to the evaluation in accordance with those recommendations with the employee.

### **SUMMARY**

<b>Timeframe</b>	<b>Days</b>	<b>Action</b>
Day 0	- - -	Performance Evaluation/Administration of Rating
Days 1-7	7 calendar days	Notice of Dispute filed with Personnel Officer (with copies to section deputy & supervisor/rater)
Days 8-14	7 calendar days	Deputy Treasurer's review & decision
Days 15-20	<b>5 working days</b>	Deadline to request review by State Personnel Director
Days 21-27	6 calendar days	Implementation of agency decision by supervisor/rater

**Retaliation against any person involved in the dispute resolution process is prohibited.**

## **VI. Communications and Training.**

### **Communications:**

Adequate communication is vital to the success of the Treasury's performance pay program. Communication establishes opportunities for dialogue over the best way in which to implement and operate the plan. It is the responsibility of each division's supervisor to ensure that the plan is fully understood by all his or her employees and that the concerns and ideas of those employees are considered and, when appropriate, incorporated in the plan.

Further, the Department will ensure the timely communication to employees of any changes to these policies. At a minimum these will include:

- The annual announcement of the State Personnel Director's determination of the maximum award percentage for Level 4.
- The announcement of the Treasurer's determination of the maximum award percentages for Levels 2 and 3.
- Changes in the employee performance evaluation form.
- A reminder of the Dispute Resolution process and an employee's rights to dispute performance pay program matters.

### **Training:**

The Compensation Distribution Committee will determine when additional or on-going training is necessary. It will monitor training activities and department's progress in meeting training goals included within this plan. This includes the training supervisors provide on performance pay program policies to their new employees. Supervisors must also allow for additional training on an ongoing basis to ensure all their employees are fully prepared their annual evaluation and plan development meetings. When the Compensation Distribution Committee identifies a deficiency in training attendance/participation by supervisors or employees at the appropriate training is mandatory.

Since the Treasury is the smallest department within Colorado's state government, it does not possess the internal training resources needed to properly train its staff in the implementation or operation of the Performance Pay System. The budget of the Department also does not provide the resources to pay for performance management training. Fortunately, the Executive Oversight Committee for the Performance Pay System recognized that some smaller departments of state government face this problem. To resolve it, the Committee has committed statewide resources, primarily, HRS/GSS, to provide the training at little or no cost for the Treasury. Each year after HRS/GSS publishes the details of the training it will make available and at what cost the Compensation Distribution Committee will produce a specific training plan.

## **VII. Recordkeeping.**

The Treasury's payroll administrator will input performance pay program data into the EMPL system and track and report performance and award information. The final report will include, at a minimum the following information:

- Total dollars appropriated for performance awards
- Total amount of those appropriated dollars awarded to employees for performance awards
- Total amount of dollars awarded for each performance category
- Historical tracking of performance ratings and awards by employee

**Information, required by the State Personnel Director, will be reported by the deadlines specified in directives from the Department of Personnel.**

## **VIII. Evaluation of Colorado's Performance Pay Program.**

The Compensation Distribution Committee will, no less than annually, evaluate the effectiveness of the Treasury's implementation of Colorado's performance pay program. In its review of the plan's implementation, the committee will consider the plan's contributions toward:

1. Employee Productivity
2. Employee Retention
3. Employee Satisfaction
4. The Quality of Services Delivered by the Department

## IX. Glossary of Terms.

Advisor - An individual who assists a party during the dispute resolution process. The advisor provides assistance to participants by explaining the process, helping identify issues, preparing documents, and attending meetings. The advisor may not, however, speak on behalf of any party to a dispute.

Base-building award -- A sum of money earned by an employee that increases base pay.

Base Pay -- Salary, excluding any premiums, paid on a fixed, non-variable basis.

Bonus -- A sum of money, or other compensation, given to an employee in addition to the employee's base pay. It is a form of extra payment over the standard rate of pay. Any bonus is a one- time award. Within the Pay for Performance Program bonuses are earned and paid strictly on an annual basis.

Commendable -- The Level 3 performance rating level which frequently exceeds job expectations with higher quality, more innovations, and less supervision than typically required.

Compensation Distribution Committee - The committee charged with reviewing the Department's award distribution priorities, with calculating individual payouts, and with evaluating the plan and plan related training and communications. The committee members are the Departmental Controller, the Chief Investment Officer, the Director of the Unclaimed Property Division, and the Deputy Treasurer. Committee members will not make any determination regarding performance awards for themselves. The Deputy Treasurer, who is not eligible for the performance pay program, will determine what if any awards members of the committee may receive.

Dispute Resolution Process - Under Colorado's performance pay program, the process used to resolve issues about an employee's performance plan or rating or the application of the agency's performance management and evaluation plan, policies, or processes to the individual's plan or evaluation, or the full payment of an award.

Exceptional Outstanding – The level 4 performance rating at which an individual consistently exceeds job expectations with higher quality, more innovations, and less supervision than typically required.

Fully Competent -- The Level 2 performance rating level that fulfills job expectations with only a normal amount of supervision and direction.

Measures -- A basis or standard of comparison. Defines what will be measured to determine a successful level of performance. Measures usually consist of one or more of the following criteria: quantity, quality, time or cost.

Multi Source Assessment—A multi source assessment is one in which information and inputs are obtained from the employee’s customers, peers, and others for consideration by the supervisor in completing the evaluation.

Needs Improvement -- The Level 1 performance rating level indicating that performance does not meet standards. Achieved results are unsatisfactory.

Non-base building award -- A monetary or non-monetary award earned by an employee that is re-earned on an annual basis. Within this Pay for Performance Plan a Non-base building award and a bonus have the same meaning.

Non-base pay -- An amount of pay that is not added to an employee's base pay and is re-earned annually

Non-monetary award -- A non-cash reward that is given based on performance.

Pay range -- The spread of salaries between minimum and maximum rates for a specific class. A pay range is established based on the annual Total Compensation Survey. The width of pay ranges varies by occupational groups.

Performance Appraisal -- A system that provides a periodic review and evaluation of an individual's job performance.

Performance award – Any amount awarded annually to Level 2, 3, or 4 performers. Performance awards may be base or non-base building and/or monetary or non-monetary.

Performance-based pay – Compensation tied directly to an employee's performance.

Performance Management -- The systematic process of linking and aligning organizational resources to execute strategies which are expected to achieve specific, measurable results. Links individual work and appraisal plan to organization strategic plan, mission, goals, and objectives. Provides for coaching and feedback to employees on a continuous basis. Includes a formal appraisal process.

Rating levels -- Level 1/Needs Improvement, Level 2/Fully Competent, Level 3/Commendable, Level 4/~~Peak Performer~~ Outstanding

Standard Assessment—An assessment made solely by the supervisor that is based entirely upon his or her observation of the employee.

Total Compensation Salary Survey (the Salary Survey)-- The annual process required by law through which the wage rates employees in the state personnel system are established. Third-party survey publications are collected to compare the wage rates paid by the state with those paid by both other governmental entities and in the private sector.